

Thomas-Jensen Affirmation

Exhibit # 104

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

STATE OF NEW YORK; et al.,

Plaintiffs,

v.

DONALD TRUMP, in his official capacity as
President of the United States; et al.,

Defendants.

C.A. No. 1:25-cv-00039-JJM-PAS

DECLARATION OF CAROLINA VALLADARES

I, Carolina Valladares, declare as follows:

1. I am the Chief Financial Officer at the Oregon Employment Department (“OED”). I have been in my position for 1.4 years. Prior to serving as Chief Financial Officer, I was the Chief Financial Officer for the Department of Consumer and Business Services for approximately 10 years. I make this declaration based on personal knowledge, the records of the agency kept in the ordinary course of its business, and information I learned from OED staff that report to me in the chain of command. I would testify to the following facts if called as a witness.

2. OED is an executive agency that promotes employment of Oregonians through, among other things, the development of a skilled workforce and the provision of support during periods of unemployment. OED serves job seekers and employers by (1) helping workers connect with employment opportunities, (2) supplying statewide and local job market information; and (3) providing unemployment insurance benefits to workers who are temporarily unemployed through no fault of their own.

3. On January 27, 2025, I became aware that the Acting Director of the Office and Management and Budget in the Executive Office of the President, Matthew J. Vaeth, issued a memorandum with the subject line “Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs” (“OMB Memo”).

4. OED receives a significant amount of financial support from the federal government. That support comes from multiple sources. First, OED administers the unemployment insurance benefits for out-of-work Oregonians. Those payments are paid from a trust fund that has been established by the federal government and consists primarily of state unemployment taxes collected by OED and then deposited into that federal trust fund account. There are two relevant funding streams relating to unemployment benefits. One stream supports OED’s administrative work and the second stream supports payment of benefits to Oregonians. OED receives a daily transfer to pay unemployment benefits.

5. When OED learned of the OMB Memo, OED could not readily determine whether or not its federal funding streams were implicated. The OMB Memo is so vague that it was and still is difficult to determine what might be included. This uncertainty created significant concern and uncertainty about what OED could or should do. I was concerned that the federal government would not transfer trust funds for payment of unemployment insurance benefits and that, as a result, OED’s checks to Oregonians would bounce or OED would be unable to send payments at all. Oregon pays about \$18 million per week in unemployment insurance benefits. Last week, there were approximately 37,000 people across Oregon who claimed benefits.

6. It turned out that OED has continued to receive its daily unemployment insurance benefit payments from the federal government. If that were to change, OED would be unable to extend benefits to unemployed Oregonians for very long. If federal support for unemployment

insurance benefits ceased, this would be disastrous for the Oregonians who rely on those payments for their living expenses. It would mean people across Oregon who are in a vulnerable economic position already would be placed in an even worse position, without government support. That could lead to hunger and homelessness.

7. OED also administers a number of other federal grants as well that help OED advance employment across Oregon. OED has multiple active U.S. Department of Labor grants that fund workforce initiatives. Specifically, OED is implementing 13 grants with multiple subcategories and phases currently. Last week for a period of 2 days, one employee of OED could not access any of OED's grants on the PMS platform that the federal government and grantees use to report, record and request payments. A second person was able to access the PMS platform for an hour. And a third OED employee was able to access the PMS platform on January 28 to submit a reimbursement request on one of the grants described below. However, OED employees have not been able to consistently access the PMS platform either last week or this week (as late as yesterday, February 4), despite repeatedly attempting access. OED employees have been able to access the PMS system and OED's grants today, February 5.

8. OED's federal grants are not paid at once when the grants are awarded but, rather, are paid by the Department of Labor periodically on a reimbursement model. OED staff and contractors perform work required under the grants, after which contractors invoice OED for the work they performed and OED staff record their time spent on particular grant activities. OED staff complete monthly timesheets, and contractors submit their work records periodically on a schedule required by their contract. OED then submits a request to the federal agency to draw on the granted funds. For the life of these grants, the federal government has released the requested grant funds within two business days of ODE's draw requests. That practice changed last week.

9. Specifically, OED receives federal funding under a Wagner-Peyser Act grant. This grant funds agency staff who work to help unemployed people to find jobs and to connect businesses with job candidates. Last week, on January 28, OED requested a draw on that grant of \$15,446,660.19. On Thursday, OED did not receive the expected funding. Rather, on that date, the online portal used to process payments indicated that there was a “payment submitted.” Thereafter, OED staff contacted the Department of Labor to inquire. The response from the Department of Labor, received by email to an OED employee who works on the accounting team, is attached to this declaration as Exhibit A. The email includes the following statement: “If the Debit Date does not display after one business day and you still do not see the payment, please note that due to Executive Orders regarding potentially unallowable grant payments, PMS is taking additional measures to process payments. Reviews of applicable programs and payments will result in delays and/or rejections of payments.” OED received no more information than that at that time. As of close of business on Friday, January 31, the amount remained unpaid and the online portal still indicated “payment submitted.”

10. When the Wagner-Peyser Act grant funding was not paid by Friday, January 31, I became concerned OED would be unable to make payroll. OED made payroll this quarter, but a continued federal freeze would require OED to seek other state revenue sources and leave us short overall for the fiscal period, likely requiring OED to implement reductions that would mean less help for Oregonians who need it. To emphasize, the work for which this money is due from the federal government has already been completed. It is work that OED committed to perform under the grant and for which the federal government committed to pay.

11. On Monday, February 3, I noticed the online portal's record of OED's funding draw request changed from "payment submitted" to "payment processing." On Monday, I also received a message to contact a senior accountant in the Department of Labor named Ainee Ibarra about the delinquent funding draw. I had a telephone discussion with Ainee Ibarra about the funding request and, during that call, she questioned whether the amount requested reflects eligible expenditures and whether it was justified by the existing form ETA-9130 (which is a form OED submits quarterly that is used to report eligible expenditures, the grant amount authorized, and balance available). I informed her that OED has eligible expenditures of \$26 million. I also discussed the matter with the OED accounting staff. Nothing in our funding draw request is out of the ordinary. The information Ainee Ibarra suggested was missing is not missing. In fact, the form ETA-9130 is not due until April 15. The Department of Labor did not follow its ordinary process under this existing grant and withheld funds that are owed to OED. No payment was received under this grant on Monday.

12. On Tuesday, February 4, Ainee Ibarra requested, and OED accounting staff confirmed, that OED's expenditures would be reflected on OED's ETA-9130 submission in April 2025 for the quarter ending 12/31/24. She explained that the Department's process had changed, which was why she made the request for additional information. At 3:00 pm on Tuesday, February 4, the PMS system finally reflected the incoming disbursement in the amount of \$15,446,660.19. As of February 5, 2025, OED has no outstanding payment requests to the Department of Labor that have not been reimbursed.

13. As noted, the Wagner-Peyser Act grant is not the only federal grant OED has. Other open grants include a grant funding job services for veterans, a grant under the Reemployment Services and Eligibility Assessment Act that funds employment services for unemployment insurance claimants, an equity grant that funds employment services for underserved people, including those living in rural areas, and a grant funding community organizations to promote access to unemployment insurance. The OMB Memo threatens all the work OED does and funds with federal dollars to help out-of-work Oregonians get back into the work force and to help employers connect with job candidates.

14. The consequence to Oregon and Oregonians of OED's federal grant funding being frozen, if that occurs again, is that OED will not be able to support the important workforce support work and outreach to the business community and unemployed workers that it performs across Oregon. This will mean that the Oregon Legislative Assembly will either need to appropriate funds to fill the gaps in federal funding, or this work will no longer be done. And if the latter occurs, then there will be layoffs and, because of those layoffs, there will be many fewer organized workforce entities to help the individuals who were laid off to connect with their next jobs.

15. OED's federally-funded work has important economic benefits for Oregon. Without it, individuals and families do not get the financial support they need during times of unemployment; this can lead to further economic declines as communities see less spending from people who do not have any income. Job seekers will have a harder time finding jobs, getting assistance to help them overcome barriers to working, and getting the skills needed to support a strong workforce and business environment. Businesses that rely on OED to help them find qualified workers will have a harder time finding those workers, or will have to pay other

people or organizations to provide them assistance with this. And job seekers, employers, workforce boards, the media, and many others will not have access to current, accurate, labor market information to help inform policy making, individual decision making by job seekers and employers, and the overall public discourse.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 5, 2025, at Salem, Oregon.


CAROLINA VALLADARES

EXHIBIT A

From: [GDIT Shared ServiceNow Instance](#)
To: [KIDNEY Jeffrey A * OED](#)
Subject: PSC Contact Center Services Case #: CAS-HHS0001280628
Date: Friday, January 31, 2025 11:51:01 AM

You don't often get email from gditshared@servicenowservices.com. [Learn why this is important](#)

Thank you for contacting ONE-DHHS Customer Support for the Payment Management System (PMS).

If you requested a payment but it has not been deposited into your bank account the following business day, you can verify the Debit Date of the payment request by running a Payment Transactions inquiry in PMS. Please complete the steps below to run this inquiry.

1. Log into PMS.
2. In the top-left corner of the page, click on the MENU button.
3. Click on the APEX REPORTS link from the expanded menu.
4. Click on the GRANTEE INQUIRY link.
5. For INQUIRY TYPE, select the radio button next to FINANCIAL TRANSACTIONS.
6. In the PAYEE ACCOUNT field, enter your Payee Account Number (PAN). Optional: you may also enter/select additional criteria or even save the inquiry.
7. Click on the RUN INQUIRY button.

The payment request generally posts the next business day. If the Debit Date is displayed, this indicates that the payment has been sent to your financial institution. For further information, please contact your bank.

If the Debit Date does not display after one business day and you still do not see the payment, please note that due to Executive Orders regarding potentially unallowable grant payments, PMS is taking additional measures to process payments. Reviews of applicable programs and payments will result in delays and/or rejections of payments.

Your ticket number is listed in the subject line of this email. Please make note of this number as it will be referenced by the PMS Help Desk.

For additional questions or concerns, please contact the ONE- DHHS Help Desk for Payment Management System Support. For more immediate assistance, please call the Help Desk at 1-877-614-5533. The Help Desk is open Monday through Friday, 7 AM to 9 PM EST, excluding federal holidays.

You may also e-mail your request to PMSSupport@psc.gov. Email is typically responded to within one business day. However, it may take up to two business days to receive a response, depending on volume.

For access to our Self-Help Web Portal and further information about ONE-DHHS, please visit <https://dpm-portal.psc.gov>.

Thank you,

ONE-DHHS PMS Customer Support
HHS010

Good Day,

The Oregon Employment Department submitted a payment request on Tuesday 1/28/25 and it is still pending approval. Our Payee Account Number is 6H39B and our Payment Request Number is 2052047812 for Subaccount WP000023MW0 and WP000071XC0. Our organization has never had issue with receiving eligible funds by the Payment Due Date. If an update could please be provided on when we expect to have our payment request approved and post we would be most appreciative.

Thank you,

Jeff Kidney | Senior Accountant | Oregon Employment Department | Work Cell: 971-345-1418 | jeffrey.a.kidney@employ.oregon.gov | Regular Office Hours: Tue-Fri 7am – 5:30 pm

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